

State of Louisiana,
Parish of East Baton Rouge.

No Plat

LEASE NO. 344.

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WHEREAS, under the provisions of Act No. 30 of the Extra Legislative Session of 1915, as amended by Act 315 of 1926, application was made to the Governor for a lease of the hereinafter described lands, and a report thereon having been made by the Register of the State Land Office, and,

WHEREAS, in response to said advertisements, bids were received at the State Capitol on the 27th day of February, 1936, in the presence of A. P. White

and Carl Campbell, and,

WHEREAS, it appears that the bid of Wm. T. Burton, hereinafter styled "lessee", is the most advantageous to the State of Louisiana;

NOW, THEREFORE, BE IT KNOWN AND REMEMBERED, that said James A. Noe, Governor of La., acting under the authority of the said Act No. 30 of the Extra Session of 1915, as amended by Act No. 315 of 1926, and in accordance with the terms thereof, and acting in behalf of the State of Louisiana as "lessor", does hereby let and lease unto the said lessee, its heirs and assigns, the hereinafter described property, for the purpose of exploiting the same by geo-physical means in locating mineral bearing structure thereon, and for producing therefrom oil, gas and/or other minerals, in and under said lands, and also the exclusive right of drilling and operating thereon for oil, gas and/or other mineral, together with a right of way for, and the right to lay pipe-lines to convey water, oil, steam and gas, and the right to have sufficient water from the premises to drill and operate any wells which the said lessee may bore thereon, and also such other privileges as are reasonably requisite for conducting such operations, and the right to remove from said premises at any time any and all property that may have been placed thereon by lessee, provided that the said lessee shall have fulfilled its obligations to lessor hereunder.

The said property to which this instrument applies is described as follows:

All the beds and bottoms of Grand Lake in Townships 12, 13, and 14 South, Ranges 3, 4 and 5 West, in Cameron Parish, including all bays, coves, lagoons, sounds and inlets and islands belonging to the State of Louisiana and not under lease from the State on the date of application, to-wit: December 13, 1935.

TO HAVE AND TO HOLD unto the said lessee, its heirs and assigns, for the term and under the conditions hereinafter set forth, to-wit:

I.

Lessee has this day paid to lessor the sum of Twenty Two Thousand Five Hundred (\$22,500.00) Dollars for the right to begin the drilling of a well on the herein leased premises at any time within one (1) year from the date hereof, said sum also being part consideration for lessee's right to delay such drilling operations under the conditions hereinafter provided.

Should lessee fail to begin the drilling of a well on the premises within the one (1) year above provided, then the said lessee is granted the right to defer such drilling operations for an additional one (1) year by paying to lessor the sum of \$11,250.00, on or before the expiration of one (1) year from the date hereof; and provided further, that lessee may continue to delay such drilling for successive periods of one (1) year, by paying to lessor the sum of \$11,250.00 on or before the expiration of any period during which lessee shall

TO HAVE AND TO HOLD unto the said lessee, its heirs and assigns, for the term and under the conditions hereinafter set forth, to-wit:

I.

Lessee has this day paid to lessor the sum of Twenty Two Thousand Five Hundred (\$22,500.00) Dollars for the right to begin the drilling of a well on the herein leased premises at any time within one (1) year from the date hereof, said sum also being part consideration for lessee's right to delay such drilling operations under the conditions hereinafter provided.

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If during a period of five (5) years from the date hereof lessee shall begin drilling on the premises, and shall thereafter cease such drilling operations for more than 60 days prior to developing oil, gas or other mineral in paying quantities, then the said lessee may continue its rights in effect for the remainder of said period of five (5) years by resuming payments as above provided, and by paying to lessor, within 60 days from the cessation of drilling operations, the payment for the current period which lessee must have paid to maintain its rights had lessee begun no such operations.

II.

Upon beginning the drilling of a well within the time specified by the lease, then lessee shall have the right to make as many attempts to develop oil, gas and/or other minerals as lessee pleases, even beyond said period of five (5) years, and to continue the exercise of such rights as long as it pleases, provided, however, that, except as otherwise provided herein, such attempts shall be successive in the sense that until oil, gas or other mineral is being produced in paying quantities, not more than sixty (60) days shall lapse from the date of abandonment of work on one well and the beginning of operations for the drilling of another, and provided further, that such operations shall be carried out in good faith in an effort to develop the premises as herein contemplated.

If in the exercise of the rights herein granted, mineral be developed in paying quantities in or on the premises, the said lessee binds itself to thereafter proceed to further develop the said premises with reasonable diligence, and to so continue until a reasonable development of the property has been accomplished.

Lessee further agrees that it will, while maintaining this lease in effect, drill any and all wells necessary on the premises to prevent material drainage of oil and/or gas therefrom by wells on adjacent property.

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III.

Should oil, gas and/or other minerals be produced in paying quantities on the premises hereunder, then the said lessee shall deliver to lessor as royalty, free of expense:

One (1/8) eighth of all oil produced and saved, delivery of said oil to be understood as made when same has been received by the first purchaser thereof. Or lessee may, in lieu of said oil delivery, and at its option, pay to lessor sums equal to the value thereof on the premises; provided, that the price paid lessor for said oil shall not be less than the average posted Pine-line price then current for oil of a like grade or quality.

One (1/8) eighth of all gas produced and utilized, delivery of said gas to be understood as made when same has been received by the first purchaser thereof. Or lessee may in lieu of said gas delivery, and at its option, pay to lessor sums equal to the value thereof at the well, provided that the price paid lessor for said gas shall not be less than the average price then current of gas of like character or quality.

Two Dollars (\$2.00) per long ton for all sulphur produced and saved.

Ten cents (\$.10) cents per ton for all potash produced and saved.

One (1/8) eighth of any and all other minerals not specifically mentioned, said royalties to be delivered or paid as is the accepted custom in such matters.

IV.

It is expressly agreed and understood that on or before the expiration of five (5) years from the date hereof, lessee shall declare in writing what portion or portions of the property, if any, are not at such time in lessee's judgment developed; and in so declaring, lessee shall make known to lessor the existence of any Salt Domes, and/or other Structure favorable for the accumulation of minerals on or under the premises, of which lessee may have knowledge, and whether the same be by lessee deemed capable of development as herein understood; and if there shall be such portion or portions remaining undeveloped and capable of development, then the said lessee shall proceed to develop the remainder of said property as contemplated herein.

V.

Should lessee, at any time after beginning to exploit the premises as understood herein, decide that it no longer cares to carry on drilling operations, then the said lessee is granted the right to cease such operations, and lessee shall, if it so elects, retain its rights in and to ten (10) acres of the property for each and every well which lessee shall have drilled thereon in an effort to produce oil or gas therefrom; provided that said well or wells shall be located on that portion or portions of the property so retained by lessee; and provided further, that lessee's rights in and to that portion of the premises so retained shall endure only so long as lessee shall produce oil, gas or other mineral from one or more of said wells on said premises in paying quantities.

Should lessee at any time elect to abandon operations as above provided, then lessee shall notify lessor in writing of its intention to so do, and shall specify what portion or portions of the said premises the said lessee is entitled by virtue hereof to retain and operate; and lessee shall, as soon as practicable thereafter, execute and instrument or instruments necessary to a proper release of the undeveloped portion of the premises.

VI.

It is agreed and understood that lessee shall not be required to drill more than one (1) well for each forty (40) acres held hereunder where the premises shall prove to be productive of gas only, save and except where such well, or wells, are necessary to prevent drainage of gas from the said premises by wells on adjacent property; and it is further agreed that should lessee at any time elect to abandon drilling operations as provided in paragraph V hereof, then the said lessee shall be entitled to retain its rights in and to forty (40) acres for each and every gas well from which it shall at such time be producing gas in paying quantities; provided also, that any well or wells so producing shall be located on that portion or portions of the property retained by lessee; and provided further, that lessee's rights to so hold such portion or portions of the said premises shall endure only so long as lessee shall produce therefrom gas in paying quantities.

VII.

If at any time during the life of this lease, lessee elects to no longer maintain

the rights

by lessee deemed capable of development as herein understood; and if there shall be such portion or portions remaining undeveloped and capable of development, then the said lessee shall proceed to develop the remainder of said property as contemplated herein.

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VII.

If at any time during the life of this lease, lessee elects to no longer maintain the rights herein granted in effect, then the said lessee shall have the right to release and reassign unto lessor any and all rights hereby held unto lessee, whereupon this contract shall wholly terminate.

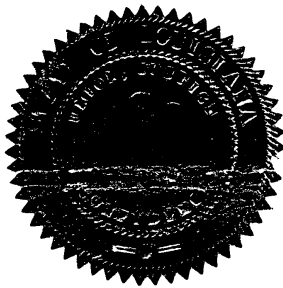
VIII.

It is agreed and understood that operations hereunder shall offer no impediment to navigation.

IX.

It is further agreed and understood that no transfer, whether in whole or in part, of the herein leased property shall be valid unless such transfer or assignment be approved by the Governor of the State of Louisiana.

THUS DONE, READ, ACCEPTED AND SIGNED by the parties hereto, the lessor, the State of Louisiana, herein represented by JAMES A. NOE Governor, and the lessee, Wm. T. Burton in the presence of A. P. White and Carl Campbell and, before me, H. C. Comish Assistant Secretary of State, on this 9th day of March, A. D. 19 36.



WITNESSES:

[Signature]
Carl Campbell

[Signature] Governor
For the State of Louisiana, Lessor.
[Signature] Lessee.
[Signature]
Assistant Secretary of State.